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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

DEFENSE DIVISION

B-156106

DEC 20 1971



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Dear Mr. Secretary:

The General Accounting Office (GAO) has made a review of the management of contracts for maintenance painting of facilities by the Army, Navy, and Air Force. This letter summarizes our major findings and recommendations together with comments dated May 6, 1971, of the Deputy Assistant Secretary of Defense (Installations and Logistics) in response to our draft report of March 4, 1971 (OSD Case 3248).

The Army, Navy, and Air Force spend an estimated \$100 million a year on contracts for maintenance painting of facilities. We looked into the administration of such contracts at 19 military installations in the United States and overseas.

FINDINGS

We noted numerous defects on recently painted surfaces and other indications of noncompliance with contract provisions pertaining to the quality of painting work performed by contractors at the military installations. Specifically, we observed evidence of inferior workmanship such as drips, sags, runs, poor coverage, and inadequate surface preparation. We believe that these deficiencies resulted from

- inadequate pre-award surveys to assure that contracts are awarded to qualified contractors,
- inadequate Government and contractor inspections during and upon acceptance of contract work,
- inadequate paint testing practices, allowing the use of paint which did not meet Federal specifications, and
- failure to prepare and distribute reports of contractors' unsatisfactory work.

Most painting contracts did not contain a warranty clause. Furthermore, when such a clause was included, there was little evidence of enforcement.

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For detailed discussion of the above matters and of other findings of lesser significance, we refer you to our draft report of March 4, 1971, and exhibits thereto containing numerous illustrations of the conditions found by us at the military installations visited.

RECOMMENDATIONS

We recommend that you:

1. Take steps to assure that the military departments emphasize to the contracting officials at the various military installations the need for improving their practices pertaining to the award and administration of painting contracts, specifically in the areas of
 - a. Pre-award surveys,
 - b. Government inspections,
 - c. Contractors' quality control systems,
 - d. Material (paint) testing, and
 - e. Reporting of information on contractors' performance.
2. Consider having a study made of the desirability of including a warranty clause in painting contracts.
3. Consider whether problem areas similar to ones discussed above exist also in contracts for other types of facility maintenance and whether there is a need for strengthening procedures relative to maintenance contracts in general.

COMMENTS OF THE DEPUTY ASSISTANT SECRETARY AND GAO EVALUATION

The Deputy Assistant Secretary stated that, generally, the deficiencies were a result of a failure to follow existing policy and guidance as published by your Office and the headquarters of the military departments. He believed that the guidance is in most cases sufficient, but that in some respects revisions may be needed.

He stated that your Office will take steps to assure that the military departments emphasize to field agencies and installations the necessity to comply with prescribed contracting procedures related to maintenance contracts and to painting contracts in particular.

With regard to our recommendation that a study of the desirability of including a warranty clause in painting contracts be considered, the Deputy Assistant Secretary stated that the Department of Defense

policy on warranty clauses in construction contracts, as contained in Armed Services Procurement Regulation (ASPR) 1-324, is considered adequate and that the military departments are studying the need for strengthening the procedures at their level.

ASPR 1-324 states that a warranty clause shall be used when it is found to be in the best interest of the Government and delineates a number of factors to be considered in making this determination. Under this ASPR provision the decision of whether or not to use a warranty clause is a matter of judgment to be applied in either individual procurements or classes of procurements. In practice, most painting contracts within the Department of Defense do not contain a warranty clause. We suggest that the desirability of more frequent use of such a clause in military painting contracts be considered in studying the need for strengthening procedures under ASPR 1-324.

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The recommendations in this report are subject to the provisions of Section 236 of the Legislative Reorganization Act of 1970. We will appreciate receiving copies of the statements you furnish the specified committees in accordance with these provisions. Copies of this report are being sent to these committees.

Copies of this report are also being sent to the Director, Office of Management and Budget, the Secretaries of the Army, Navy, and Air Force, and the Director, Defense Contract Audit Agency.

Sincerely yours,


for Director

The Honorable
The Secretary of Defense